

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

Tax-Exempt Bond Project

August 11, 2021

Pacific Wind Apartments, located at Carol Place and Harding Street in Carlsbad requested and is being recommended for a reservation of \$2,119,515 in annual federal tax credits and \$11,051,019 in total state tax credits to finance the new construction of 87 units and acquisition and rehabilitation of 2 units of housing serving large families with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by C&C Development Co. LLC and will be located in Senate District 36 and Assembly District 76.

Project Number CA-21-616

Project Name Pacific Wind Apartments
Site Address: Carol Place and Harding Street
Carlsbad, CA 92008 County: San Diego
Census Tract: 179.00

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,119,515	\$11,051,019
Recommended:	\$2,119,515	\$11,051,019

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Applicant Information

Applicant: Harding Street Neighbors, LP
Contact: Rochelle Mills
Address: 501 N. Golden Circle, Suite 100
Santa Ana, CA 92705
Phone: (949) 863-9740
Email: rmills@innovativehousing.com

General Partner(s) or Principal Owner(s): IHO Harding Street, LLC
C&C Harding Street, LLC

General Partner Type: Joint Venture

Parent Company(ies): Innovative Housing Opportunities, Inc.
C&C Development Co., LLC

Developer: C&C Development Co., LLC

Bond Issuer: CMFA

Investor/Consultant: National Equity Fund Inc.

Management Agent: Advanced Property Services Management, Inc.

Project Information

Construction Type: New Construction & Acquisition & Rehabilitation
 Total # Residential Buildings: 6
 Total # of Units: 89
 No. / % of Low Income Units: 88 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt

Information

Housing Type: Large Family
 Geographic Area: San Diego County
 TCAC Project Analyst: Nick White

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 9	10%
40% AMI: 26	29%
50% AMI: 10	11%
60% AMI: 43	48%

Unit Mix

23 1-Bedroom Units
 18 2-Bedroom Units
48 3-Bedroom Units
 89 Total Units

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
2 1 Bedroom	30%	\$682
2 2 Bedrooms	30%	\$818
5 3 Bedrooms	30%	\$945
12 1 Bedroom	40%	\$909
4 2 Bedrooms	40%	\$1,091
10 3 Bedrooms	40%	\$1,260
3 1 Bedroom	50%	\$1,136
2 2 Bedrooms	50%	\$1,363
5 3 Bedrooms	50%	\$1,575
6 1 Bedroom	60%	\$1,364
8 2 Bedrooms	60%	\$1,636
27 3 Bedrooms	60%	\$1,890
2 2 Bedrooms	60%	\$1,636
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$10,365,000
Construction Costs	\$25,988,180
Rehabilitation Costs	\$171,000
Construction Hard Cost Contingency	\$1,150,820
Soft Cost Contingency	\$400,000
Relocation	\$0
Architectural/Engineering	\$1,397,937
Const. Interest, Perm. Financing	\$2,914,017
Legal Fees	\$690,566
Reserves	\$327,000
Other Costs	\$5,319,287
Developer Fee	\$5,325,951
Commercial Costs	\$0
Total	\$54,049,758

Residential

Construction Cost Per Square Foot:	\$288
Per Unit Cost:	\$607,301
True Cash Per Unit Cost*:	\$575,550

Construction Financing

<u>Source</u>	<u>Amount</u>
Construction Loan	\$27,000,000
Taxable Bonds	\$4,193,578
City of Carlsbad	\$7,408,000
Deferred Developer Fee	\$4,700,851
Income from Operations	\$1,752,783
Other Costs Deferred Until Completion	\$393,080
General Partner Equity	\$100
Tax Credit Equity	\$8,601,366

Permanent Financing

<u>Source</u>	<u>Amount</u>
Permanent Loan	\$13,154,270
City of Carlsbad	\$7,408,000
Deferred Developer Fee	\$2,825,851
Income from Operations	\$1,752,783
General Partner Equity	\$100
Tax Credit Equity	\$28,908,754
TOTAL	\$54,049,758

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$40,518,616
130% High Cost Adjustment:	Yes
Requested Eligible Basis (Acquisition):	\$313,677
Applicable Fraction:	100.00%
Qualified Basis:	\$52,674,201
Qualified Basis (Acquisition):	\$313,677
Applicable Rate:	4.00%
Maximum Annual Federal Credit:	\$2,106,968
Maximum Annual Federal Credit, Acquisition:	\$12,547
Total Maximum Annual Federal Credit:	\$2,119,515
Total State Credit:	\$11,051,019
Approved Developer Fee (in Project Cost & Eligible Basis):	\$5,325,951
Investor/Consultant:	National Equity Fund Inc.
Federal Tax Credit Factor:	\$0.90511
State Tax Credit Factor:	\$0.88000

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions: None.

Resyndication and Resyndication Transfer Event: None.

As required by the IRS, the newly resyndicated project will continue to use the originally assigned Building Identification Numbers (BINs).

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.